Annual State Paper Submitted to the Nation's Lawmakers.

Felicitous Remarks Upon the Country's Financial and Commercial Condition-Much Attention Given to Affairs in Cobs, Porto Rico and Philippines.

Washington, Dec. 5 .- President Mc-Kinley to-day transmitted the following message to the Fifty-sixth con-

To the Senate and House of Representatives At the threshold of your deliberations you are called to mourn with your countrymen the death of Vice President Hobart, who passed from life on the morning of November 21 last. His good soul now rests in eternal peace his private life was pure and elevated, while his public career was ever dist nguished by large capacity. stain ass integrity, and exalted motives. He has teen removed from the high office which he honored and dignified out his lofty character. his devotion to duty, his honesty of purpose and noble virtues remain with us, as a price, eslegacy and example.

A. to the Country's Condition.

The Fifty-sixth congress convenes in its first retular session with the country in a condition of unusual prosperity, of universal good will arneng the people at home, and in relations of peace and friendship with every government of the world. Our foreign commerce has shown great acrease in volume and value. The combined imports and exports for the year are the largest ever shown in a sin le year in all our history. Our exports for 1809 alone exceeded by more than \$1,000,000,000 our imports and exports ecombined in 1870. The imports per capita are 20 per cent, less than in 8 0, while the exports expita are 58 per cent. more than in 187 showing the enlarged caracity of the United States to satisfy the wants of its own increasing population, as well as to contribute to those of the recopie of other nations

Experts of agricultural products were \$784. We. 4: Of manufactured products we exported In v hie \$339,592,146, being larger than any previous war. It is a noteworthy fact that the only years, in all our history when the productof our manufactories sold abroad were 1898 and 1899. Government receipts from all sources for the fixed year ended June 34, 1899, including \$11,739,319 14, part payment of the Central Paciffic railroad indebtedness, aggregated 561 382. 004.35. Customs receipts were \$2.6.12-4-1.73 and those from internal revenue, \$53.457,16.50 For the fiscal year the expenditures were \$7 .

C9 .564.0 , leaving a deficit of 880,111.550.67. The secretary of the treasury estimates that the receipts for the current fiscal year will aggregate 264 (SEC. 112, and upon the basis of present appropriations the expenditures will aggregate 66 0.858 112. leaving a surplus of \$4 , 0 .00

For the fiscal year ended June 3, 1800, the Internal revenue re cipts were increased about \$100,080,000. The present gratifying strength of the treasury is shown by the fact that on December 1, 1809, the available cash balance was 2278.0 4.837.72 of which \$.39,744.9 5.36 was in gold coin and bullion. The conditions of confidence which prevail throughout the country have brought gold into more general use auc toms receipts are now almost entirely paid in that coin.

Increased activity in industra with its welcome attendant—a larger employment for labor at higher wages—gives to the body of the people. a larger power to absorb the circulating mdium. It is further true that year by year, with larger areas of land under cultivation, the increasing volume of agricultural products, cotton, corn and wheat, calls for a larger volume of money supply.

The National Banking Act.

In its earlier history the national banking act seemed to prove a reasonable avenue through whi h needful additions to the circulation could from time to time be made. Changing conditions have apparently rendered it now inoperative to that end. The high margin in bond securities required, resulting from large premiums which government bonds command in the market, or the tax on note issues, or both operating together, appear to be the influences which depair its public utility.

The altention of congress is respectfully invited to this important matter with the view of ascertaining whether or not such reasonable modifications can be made in the national banking act as will render its service in the particulars here referred to more responsive to the people's needs. I again urge that national banks authorized to organize with a capital of \$15,-

For the Gold Standard.

I presently recommend that to support the ex-Isting gold standard, and to maintain "the par ity in value of the coins of the two metals (gold und silver) and the equal power of every dollar at all times in the market and in the payment of debts," the secretary of the treasury be given additional power and charged with the duty to seil United States bonds and to employ such other effective means as may be necessary to these ends. The author ty should include the power to sell bonds on long and short time, as conditions may require, and should provide for a rate of interest lower than th t fixed by the act of January 14, 1875. While there is now no commercial fright which wit draws gold from the government, but, on the contrary, such widespread confidence that gold seeks the treasury demanding paper money in exchange. yet the very situation points to the present as the most fitting time to make adequate provi sion to insure the continuance of the gold stand ard and of public confidence in the abilit; and purpose of the government to meet all its obligations in the money which the civilized world recognizes as the best. The financial transactions of the government are conducted upon gold basis. We receipt gold when we sell United States boads and use gold for their payment. We are maintaining the parity of all the money issued or coined by authority of the government. We are doing these things with the means at hand. Happily at the present time we are not compelled to resort to loans to supply gold. It has been done in the past, however, and may have to be done in the future. It behooves us, therefore, to provide at once the best s to meet the emergency when it arises, and the best means are those which are the most certain and economical. Those now au-thorized have the virtue neither of directness or economy. We have already eliminated one of the causes of our financial plight and embarrassement during the years 1893, 1894, 1895 and 1894. Our receipts now equal our expenditures; deficient revenues no longer create alarm. Let us remove the only remaining cause by conferring the full and necessary power on the secretary of the treasury and impose upon him the duty to uphold the present gold standard and preserve the coins of the two metals on a parity with each other, which is the repeatedly de

clared policy of the United States In this connection I repeat my former recom ations that a portion of the gold holding shall be placed in a trust fund from which greenbacks shall be redeemed upon presents tion, but when once redeemed shall not there after be paid out except for gold.

For a Merchant Marine. The value of an American merchant marine to the extension of our commercial trade and the strengthening of our power upon the sea inwites the immediate action of congress. mational development will be one-sided and unsatisfactory so long as the remarkable growth of our inland industries remains unac nied by progress on the seas. There is no lack of constituti nal authority for legislation which shall give to the country maritime strength ensurate with its industrial schieventents id with its rank among the nations of the

As to Trusts and Combinations.

The industrial commission, created by the enct of the congress of June 18, 1898, has been engaged in extended hearings upon the disstions involved in the subject of combinations in restraint of trade and competition They have not yet completed their investigamendations at which they may arrive are ermined. The subject is one giving rise to many divergent views as to the nature and variety or cause and extent of the injuries to blic which may result from large combions concentrating more or less numerous rprises and establishments, which previ-

It is universally conceded that combinations which engross or control the market of any particu ar kind of merchandise or commodity necessary to the general community, by suppressing natural and ordinary competition, whereby prices are unduly enhanced to the general consumer, are obnoxious not only to the common law, but also to the pub ic welfare There must be a r-medy for the evils involved in such organizations. If the present law can be extended more certainly to control or check these monopolles or trusts, it should be done without delay. Whatever power the congress possesses over this most important subject shou d be promptly ascertained and asserte An act to protect trade and commerce against

unlawful restraints and monopolies was passed by congress on the 2d of July, 1890. The provisions of this statute are comprehensive and stringent. It declares every contract or combination, in the form of a trust or otherwise, or conspiracy in the restraint of trade or commerce among the several states or with foreign nations, to be unlawful. It denominates as a criminal any person who makes any such contract or engages in any such combina tion or conspiracy and provides a punishment by fine or imprisonment. It invests the circuit courts of the United States with jurisdiction to prevent and restrain violations of the act and makes it the duty of the several United States district attorneys, under the direction of the atterney general, to institute proceedings in equity to prevent and restrain such violation It further confers upon any person who shall be injured in his business or property by any person or corporation by reason of anythin forbidden or declared to be unlawful by the act the power to sue therefor in any circuit court of the United States without respect to the amount in controversy, and to recover threefold the damages by him sustained and the costs of the suit, including reasonable attorney fees. It will be perceived that the act is aimed at every kind of combination in the nature of a trust or monopoly in restraint of in erstate

or international commerce. The prosecution by the United States of offenses under the act of 1890 has been frequent! resorted to in the federal courts and notable ef forts in the restraint of interstate commerce such as the Transmissouri Freight association and the Joint Traffic association, have been

successfully opposed and suppressed State Legislation Inadequate.

The state legislation to which President Cleve land looked for relief from the evils of trusts has failed to accomplish fully that object. probably is due to a great extent to the fact that different states take different views as to the proper way to discriminate between eviinjurious combinations and those associations which are beneficial and necessary to the busi ness prosperity of the country. The great di versity of treatment in different states arising from this cause, and the intimate rela tions of all parts of the country to each othe without regarding state lines in the conduct business, have made the enforcement of state laws difficult.

It is apparent that uniformity of legislation upon this subject in the several states is much to be desired. It is to be hoped that such uniformity founded in a wise and just discrim nation between what is injurious and what is useful and necessary in business operation may be obtained, and that means may be found for the congress within the limitations of its constitutional power so to supplement an effective code of state legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred.

Favors the Nicaragua Canal.

The Nicaragua canal commission which had been engaged upon the work of examination and survey for a ship canal route across Nicaragua, having completed its labors and made its report, was dissolved on May 31, and on June 10 I new commission, known as the isthmian canal commission, was organized under the terms of the act approved March 3, 1899, for the purpose of examining the American isthmuwith a view to determining the most practicable and feasible route for a ship canal across that sthmus, with its probable cost and other essential details Good progress has been made but under the law a comprehensive and complete investigation is called for, which will require much labor and considerable time for its accomplishment. The work will be prosecuted as expeditiously as possible and a report made earliest practicable date. The great importance of this work cannot be too often or too strongly pressed upon the attention of the congress. In my message of a year ago I expressed my views of the necessity of a canal which would link the two great oceans, to which again invite your consideration. The reasons then presented for early action are even stronger

In view of disturbances in the populous provaces of northern China, where are many of our citizens, and of the imminence of disorder ear the capital and toward the seaboard. uard of marines was landed from the Boston and stationed during last winter in the legation compound at Peking With the restoration of order this protection was withdrawn. The interests of our citizens in that vast empire have t been neglected during the past year Ade quate protection has been secured for our missignaries and some injuries to their property

have been redressed

American capital has sought and found vari ous opportunities of competing to carry out the internal improvements which the imperial government is wisely encouraging, and to develop the natural resources of the empire Our trade with China has continued to grow, and our commercial rights under existing treaties have been everywhere maintained during the past year, as they will be in the future. The exension of the area open to international foreign settlement at Shanghai and the opening of the ports of Nanking, Tsing-Tao (Kia-Chac) and Ta-Lien-Wan to foreign trade and settlement will doubtles. afford American enerprise additiona facilities and new fields of which it will not be slow to take advantage

In my message to congress of December 1588, I urged that the recommendation which had been made to the speaker of the house of representatives by the secretary of the treas-ury on the 14th of June, 1888, for an appropriation for a commission to study the commercia and industrial conditions in the Chinese empire and report as to the opportunities for, and obstacles to, the enlargement of markets in China for the raw products and manufactures of the United States, should receive at your hands the consideration which its importance and timeliness merited, but the congress falled to take

I now renew this recommendation, as the importance of the subject has steadily grown since t was first submitted to you, and no time should be lost in studying for ourselves the resource of this great field for American trade and enter

Exhibit at Paris Exposition.

Preparations for the industries, arts, and products of the United States at the world's exposition to be held in Paris next year continu on an elaborate and comprehensive seale, thanks to the generous appropriation provided by con gress and to the friendly interest the French government has shown in furthering a typical

exhibit of American progress. There has been allot ed to the United States a considerable addition of space, which, while placing our country in the first rank among exhibitors, does not suffice to meet the increase ingly urgent demands of our manufacturers The efforts of the commissioner general are ably directed toward a strictly representative display of all that most characteristically marks American schievement in the inventive arts and most adequately shows the excellence of

our natural productions.

Pleasant Relations With Germany. Our relations with Germany continue to be most cordial. The increasing intimacy of direct association has been marked during the year by the granting permission in April for the land-ing on our shores of a cable from Borkum Emien, on the North sea, by way of the Azores and also by the conclusion on September 2 of a parcels post convention with the German empire. In all that promises closer relations of intercourse and commerce and a better under standing between two races having so many traits in common, Germany can be assured of the most cordial co-operation of this government and people. We may be rivals in man naths, but our rivalry should be generous and open, ever aiming toward the attainment of larger results and the mutually beneficial advancement of each in the line of its especial The Transvani War.

This government has maintained an attitude of neutrality in the unfortunate contest between Great Britain and the Boer states of Africa. We have remained faithful to the precept of avoiding entangling alliances as to affairs not of our direct concern. Had circumstances suggested that the parties to the quarrel would have welcomed any kindly expression of the hope of the American people that war might be averted, good offices would have been gladly tendered. The United States representative at Pretoria was early instructed to see that all neutral American interests be respected by the combatants. This has been an easy tast in view of the positive declarations on both British and Boer authorities that the personal and property rights of our citizens should be ob-

Upon the withdrawal of the British agent at Pretoria the United States consul was authorized, upon the request of the British government and with the assent of the South African and Orange Free State governments to exercise the customary good offices of a neutral for the care of British interests. In the discharge of this function I am happy to say that abundant opportunity has been afforded to show the impartiality of this government toward both the combatants.

Wants a Cable to Manila. The Japanese government has shown a lively interest in the proposition of the Pacific Cable ompany to add to its projected cable lines to Hawaii, Guam and the Philippine: a branch connection with the coast of Japan. It would be a gratifying consummation were the utility of the contemplated scheme enhanced by bringing Japan and the United States into direct telegraphic relation. Without repeating the observations of my special message of February 16, 1899, concerning the necessity of a cable to Manila, I respectfully invite attention to it I recommend that in case the concress should not take measures to bring about this result by the direct action of the government, the postmaster general be authorized to invite competitive bids for the establishment of a cable; the comp making the best responsible hid to be awarded the contract, the successful company ample bends to insure the completion of the

work within a reasonable time.

The Problem in Cuba. The withdrawal of the authority of Spain from the island of Cuba was effected by the first of January, so that the full re-establishment of peace found the relinquished territory held by us in trust for the inmabit ants, maintaining, under the direction of the executive, such government and control therein as should conserve public order, restore the productive conditions of peace so long disturbed by the instability and disorder which prevailed for the greater part of the preceding three decades and build up that tranquil development of the domestic state whereby alone can be realized the high purpose, as proclaimed in the joint resolution adopted by the congress on the 15th of April, 1898, by which the United States disclaimed any opposition or intention to exercise sovereignty, jurisdiction or control over Cuba, except for the pacification thereof, and asserted its determination when that was accomplished to leave the government and control of the island to its peo-The pledge contained in this resolution is of the highest honorable obligation and must be sucredly kept.

I believe that substantial progress has been made in this direction. All the administrative measures adopted in Cuba have aimed to fit it for a regenerated existence by enforcing the supremacy of law and justice; by placing wherever practicable the machinery of administration in the hands of the inhabitants; by instituting needed sanitary reforms; by spreading education; by fostering industry and trade; by inculcating public morality and, in short, by taking every rational step to aid the Cuban peo ple to attain to that plane of self-conscious re-spect and self-reliant unity which fits on enlightened community for self-government with in its own sphere, while enabling it to fulfill all outward obligations.

This nation has assumed before the world a grave responsibility for the future good government of Cuba. We have accepted a trust the fulfillment of which calls for the sternest ntegrity of purpose and the exercise of the highest wisdom. The new Cuba yet to arise from the ashes of the past must needs be bound to us by ties of singular intimacy and strength if its enduring welfare is to be assured. Whether those ties shall be organic or conven ional, the destinies of Cuba are in some rightful form and manner irrevocably linked with our own, but how or how for is for the future to determine in the riveness of events. Whatever be the outcome, we must see to it that free Cuba be a reality, not a name, a perfect entity not a hasty exper ment bearing within itself the e ements of failure. Our mission to accomplish which we took up the wages of battle is not to be fulfilled by turning adrift any loosely framed commonwealth to face the vicissitudes which too often attend weaker states wacse natural wealth and abundant re-ources are offset by the incon ruities of their political organization and the recurring occasions for internal rivalries to sap their stren th and dissipate their energies The greatest blessing which can come to Cuba s the restoration of her agricultural and industrial prosperity, which will give employment to dle men and re-establish the pursuits of peace

This is her chief and immed ate need. By the treaty of peace the Spanish poeple on the is and have until April 11, 19 0, to elect whether they will remain cliizens of Spain or secome citizens of Cub. Until then it cannot e definitely ascertained who shall be entitled to participate in the formation of the government of Cuba By that time the results of he census will have been tabulated, and we shall proceed to provide for elections which ommit the municipal governments of the island to the efficers elected by the people. The experience thus acquired will prove of great a.ue in the formation of a representative con vention of the p-ople to draft a constitution and establish a general system of independent rovernment for the island. In the meantime and so long as we exercise control over the island the products of Cuba should have a market in the United States on as good terms and with as favorable rates of duty as are given o the West India islands under treaties of re-

ciprocity which shall be made Concerning Our Soldiers and Sallors.

Since my last annual message and in obedi nce to the acts of the concress of April 2: and 6. 1998, the remaining volunteer force enlisted for the Spani h war, consisting of 34,834 regulars and 11 , 202 volunteers, with over 5,0 0 volunteer officers, has been discharged from the military ervice. Of the volunteers, 667 officers and 14, 331 men were serving in the Pnilipp nes and 1. 50 of the regulars, who were entitled to be musered out after the ratification of the treaty of seace. They voluntarily remained at the front intil their places could be filled by new troops They were returned home in the order in which went to Manila, and are now all of then out of the service and in the ranks of citizen ship. I recommend that the con ress provide special medal of honor for the volunteers regulars, sailors, and marines on duty in the Philippines, who voluntarily remained in the ervice after their terms of enlistment had ex-

By the act of March 2, 1899, congress has au bority to increase the regular army to a maximum not exceeding 6:00 enlisted men and to mlist a force of 35, 90 volunteers, to be recruited from the country at large. By virtue of this auhority the regular army has been increased to the number of 61.999 enlisted men and 2 348 off. cers and new volunteer regiments have been orranized aggregating 3:,0% enliste i men and 524 officers. Two of these volunteer regiment are made up of co'ored men, with colored line officers. The new troops to take the place of those returning from the Philippines have been transport d to Manila to the number of 581 officers and 6.222 enlisted men of the regular army and 594 officers and 15,388 enlisted men of the new volunteer force, while 54 officers and 14,-119 men of the volunteer force are on the ocean en route to Manila. The force now in Manila consists of 90; officers and 30,508 regulars and 504 officers and 15,308 of the volunteers, making in aggregate of 1,499 officers and 45.966 me When the troops now under orders shall reach Manila, the force in the archipelago will comprise 3 fit officers and 51 481 men. The muster out of the great volunteer army organized for the Spanish war and the cre stion of a new army the transportation from Mani a to San Francis co of those entitled to dis harre and the transortation of the new troops to take their place have been a work of great magnitude well and ably done, for which too much credit cannot be

given the war department. During the past year we have reduced our orce in Cuba and Porto Rico. In Cuba we now

have 3 4 officers and 10.696 men: in Porto Rico, 87 officers and 1,835 enlisted men and a battalion of 400 men, composed of native Porto kicans; welle stationed throughout the United States are 910 offi. ers and 17,317 men and in Hawaii, 12

Meers and 4 3 enlisted men. The operations of the army are fully presented in the report of the secretary of war. I cannot withhold from officers and men the highest commendation for their soldierly condu t in trying situations, their willing sacrifices for their country and the interest and ability with which they performed unusual and difficult duties in our island possessions.

In the organization of the volunteer regiments authorized by the act of March 2, 1866, it was found that no provision had been made for chaplains This omission was doubtless from inadvertence. I recommended the early nuthorization for the appointment of one chaplain for each of said regiments. These regiments are in the Philippines and it is important that immediate action be taken.

Postal Affairs in the Colonies

In restoring peaceful conditions, orderly rule, and civic progress in Cuba. Porto Rico, and so far as practicable, in the Philippines, the rehabilitation of postal service has been an important part of the work. It became necessary to provide mail facilities both for our farces of occupation and for the native population. meet this requirement has involved a substantial reconstruction. The existing systems were so fragmentary, defective and inadequate that a new and comprehensive organization had to be created. American trained officials have been assigned to the directing and executive possessions, while natives have been chiefly employed in making up the body of the force. In working out this plan the merit rule has been rigorously and faithfully applied. Domestic Postal Service.

The domestic postal service continues to grow with extraordinary rapidity. The expenditures and the revenues will each exceed \$10 , = 0.930 during the current year. Fortunately, since the revival of prosperous times the revenues have grown much faster than the expenditures, and there is every indication that a short period will witness obliteration of the annual deficit this connection the report of the postmaster general embodies a statement of some evils which have grown up outside of the contemplation of law in the treatment of some classes of mail mail r which wrongly exercises the blivter had been properly classified and had puld the rate which it should have puld instead of a postal deficit the last fiscal year of 26.51 303 postmaster general, would not only put the postal service at once on a self-sustaining basis, but would permit great and valuimprovements, and I commend the subject to the consideration of con cess.

The Question of l'ensions. On the 30th of June, 1899, the pension roll of the United States numbered 9-1,-19. These influde the pensioners of the army and navy ta all our wars. The number added to the rolls durin : the year was 40,001 The number dropped by reason of death remarriage, minors by le al limitations, failure to claim within three years and other causes was 43,186, and the number of claims disaflowed was 197,917. During the year 89, 54 pension certificates were issued, of which 37,077 were for new or original pensions. amount disbursed for army and navy pensions during the year was \$138.3 5, 629, which was \$1.651.451.61 less than the sum of the appropria-

The Grand Army of the Republic at its recent national encampment held at Pail stelphia has brought to my attention and to that of congress the wisdom and justice of a modification of the third section of the act of June 27, 18 M. which provides pensions for the widows of officers and enlisted men who served 91 days or more during the war of the rebellion and were honorably discharged, provided that such widows are without other means of support than their daily labor and were remarded to the soldier, sailor or marine on account of whose service they claim pension prior to the date of the act.

The present holding of the department is that if the widow's income aside from her daily labor does not exceed in amount what her pension would be, to wit. \$16 per annum, she would be deemed to be without other means of support than her duily labor, and would be entitled to a come, independent of the amount received by her as the result of her daily labor exceeds 895 she wou d not be pensionable under the act 1 am advised by the commissioner of pensions that the amount of the income allowed before title to pension would be barred, has varied widely under different administrations of the pension office, as well as during different periods of the same administration, and has been the cause of just complaint and criticism. With the approval of the secretary of the interior, the commissioner of pensions recommends that, in rder to make the practice at all times uniform nd to do justice to the dependent widow, the amount of income a lowed independent of the pr. ceeds of her daily labor should be not less than \$ 50 per annum, and he urges that congress shall so amend the act as to permit the pension ffice to grant pensionable status to widows under the text of the third section of the act of June 27, 1890, whose income asi le from the proceeds of daily labor is not in excess of \$25) per annum. I believe this to be a simple act of jus-

tice and I heartily recommend it. Favors a Larger Navy I heartily concur in the recommendations for he increase of the navy, as suggested by the secretary. Protecting the Forests.

Protection of the national forests, inauguated by the department of the interior in 1897. has been caused during the past year and much as been accomplished in the way of preventing forest fires and the protection of the timber There are now large tracts covered by forest v. i h will eventually be reserved and set apart for forest uses. Until that can be done coner as should increase the appropriations for the work of protecting the forests.

Markets for Farm Products

Markets are being sought and opened up to surplus farm and factory products in Europe and in Asia. The outlook for the education of young farmers through agricultural college ex periment stations, with opportunities given to specialize in the department of agriculture, is very promising. The people of Hawaii, Porto Rico and the Philippine islands have been helped by the establishm int of experiment sta tions to a more scientific knowledge of the production of coffee, India rubber and other tropical products, for which there is a demand in

There is wide-presd interest in the improve ment of our public highways at the present time, and the department of agriculture is cooperating with the people in each locality is naking the best possible roads from the local naterial and in experimenting with stee

tracks. The All-Absorbing Philippine Question. On the 10th of December, 1898, the treaty of peace between the United States and Spain was signed. It provided among other things, that Spain should cede to the United States the rchipe ago known as the Philippine islands that the United States should pay to Spain the sum of \$30,000,000, and that the civil rights and political status of the native inhabitants of the territories they ceded to the United States should be determined by the congress. treaty was ratified by the senate on the 6th of ebruary, 1899, and by the government of Spain on the 19th of March following The ratifications were exchanged on the 11th of April and the treaty publicly proclaimed. On the 2d of March the congresss voted the sum contem-plated by the treaty, and the amount was paid over to the Spanish government on the 1st of

May. In this manner the Philippines came to the United States. The islands were ceded by the government of Spain, which had been in undisputed possession of them for centuries. They accepted not merely by our author-commissioners in Paris under the direction of the executive, but by the constitutional and well considered action of the representatives of the people of the United States i both houses of congress. I had every reason to believe, and I still believe, that this transfer of overeignty was in accordance with the wishes and the aspirations of the great mass of the opportunity was lost of assuring the people of the islands of our ardent desire for their welfare and of the intention of this government to do everything possible to advance their interests. In my order of the 19th of May, 1898, the open and filled with children. Religious

commander of the military expedition dis- nom is sucredly assured and enjoyed. leclare that we came not to make war upon the |g naing to circuiste in its accur

personal and religious rights. That there should be no doubt as to the paramount authority there on the 17th of August, it was directed that "there must be no) cupation with the insurgents " that the United States must preserve the pease and protect persons and pr perty within the territory occupied by their military and naval forces; that the insurgents and all others must recognize the military occupation and authority the United States. As early as Decomper t, before the cession and in anticipation of that event. the commander in Manila was unged to restore peace and tranquility and to undertake the establishment of a beneficent government. which should afford the fullest security for life

and property. On the fist of December, after the treaty was igned the commander of the forces of occupation was instructed to announce and proclaim in the most public manner that we came, not as tavaders and conquerors, but as friends to protect the natives in their homes, in their employments and in their personal and religious

gurhita." The same day, while ordering Gen. Oas to see that the peace should be preserved in Todo, he was admonished that: "It is most important that there should be no conflict with the insurgents. On the first day of Junuary, 18 9, your coner tenters were reiterated that the kindly intentions of this government should be in every possible way communicated to the lasur-

On the fist of January I announced my intentions of disparening to Marina a commission composed of three gentlemen of the highest character and distinction, thoroughly acquaint ed with the orient, who, in , sectation with Admiral Dowey and Maj. Gen. Oils, were instruced to fall trate the most hum one unit effective and to secure, with the least possible delay, the binefits of a true and penerous protection of life and property to the inhabitants.

These contiemen were Dr. Jacob Gould Schurman, president of Cornell University, Hon-Churles Denby, for many years minister to Cains, and P. of. Dean C Worcester, of the University of Michigan, who is dunde a most care treats of peace was under consideration in the there would have been on one busis a surp us of sign of good will and like ation. Their caar-\$17,637,570, and on another of \$1,7 st. sti. The re- acter was a sufficient guaranty of the is not ent form thus surgested, in the opinion of the purpose with which they went, even if they had not borne the postive instructions of this government, which made their errand pre-eminently one of peace and friendship.

But before their arrival at Manil's the siniter um \$ ion of a few leaders of the Pripino had greated a situation full of embarrassment for us and most prievous in its conse them-elves. The clear and imparit I preliminary report of the commissioners, which I transmit herew the gives so lucid and complete usive a history of the present insurrectionary move ment that the story need not be repeated. It is enough to say that the claim of the recel lende that he was promised independence by any of neer of the United States in return for his as sistance has no foundation in fact and is cate corleadly denied by the very witnesses who wer called to prove it. The most the insurgent lead er hoped for when he came back to Mantla was the liberation of the islan is from the Spanish control, which they had been inporting for years without success to throw off

The prompt accomplishment of this work by the American army and navy gave him other deas and ambitions, and insidious suggestion from various quarters perverted the purpose and intentions with which he had taken up arms. No sooner had our army captured Ma nila than the Filipino forces began to assum an attitude of suspicion and hostility which th utmost efforts of our officers and troops wer anable to disarm or modify. Their kindness and forbearance were taken as a proof of cowardice. The aggressions of the Filipinos con inually increased until finally, just before to time set for the senate of the United S ates for a vote upon the treaty, an attack evidently prepared in advan e, was made all al ng th American lines, which resulted in a terribly destructive and sanguinary repulse of the insur-

Ten days later an order of the insu gent gov ernment was issued to its adherents who had remained in Manila, of which Gen Otis justly beerves that 'for barbarous intent it is unequaled in modern times." It directs that at eight o'clock on the night of the 4th of Febru ary the territorial militia shall come together n the streets of San Pedro, armed with their bolos, with guns and ammunition, where con ven.ent; that Filipino families only shall be re spected: but that all other individuals of what ever race they may be, shall be exterminated without any compassion, after the extermina tion of the army of occupation, and adds;

"Brothers, we must avenge ourselves on the Americans and exterminate them, that we may take our revenue for the infamiles and treach eries which they have committed upon us Have no compassion upon them; attack with vigor."

A copy of this fell, by good fortune, into the hands of our officers and they were able to take measures to control the rising, which was actu ally attempted on the night of February 22 week later than was originally contem plated. Considerable number of armed insur gents entered the city by waterways and swamps and in concert with confederates insidattempted to destroy Manila by fire. They kept in check during the night and the next day driven out of the city with heavy loss This was the unhappy condition of affair which confronted our commis-ioners on their arrival in Manila. They had come with the hope and intention of co-operating with Admiral Dewey and Maj. Gen. Otis in establishing peace and order in the archipelago and the largest measure of self-government compatible with the true welfare of the people. What the actually found can best be set forth in their own

vords;
"Deplorable as war is, the one in which w are now engaged was unavoidable by us. were attacked by a bold, adventurous and en thusia-tic army. No alternative was left to us. except ignominous retreat.

"It is not to be conceived of that any Ameri can would have sanctioned the surrender of Manila to the insurgents. Our obligations other nations and to the friend v Filipin is and to ourselves and our flag demanded that force should be met by force. Whatever the future of the Philippines may be, there is no course open to us now except to prosecute the war until the insurgents are reduced to su mission The commission is of the opinion that there has been no time since the destruction of the spanish squadron by Admiral Dewey when it was ible to withdraw our forces from the is lands, either with honor to ourselves or safet, to the inhabitants."

The course thus clearly indicated has been unflinchingly pursued. The rebeilion must be put down Civil government cannot be thor oughly established until order is r stored With devotion and galiantry worthy of its mosbrilliant history, the army, ably and loyally as sisted by the navy, has carried on this unwel come, but most righteous campaign, with righly deserved success. The noble self-sacrifice with which our soldiers and sallors whose service had expired refused to avail themselves of their right to return home as long as they were need ed at the front forms one of the brightest page in our annals. Although their operations have been somewhat interrupted and checked by rainy season of unusual violence and duration they have gained ground steadily in every direction, and now look forward confidently to speedy completion of their task.

The unfavorable elecumstances connecte with an active campaign have not been permit ted to interfere with the equally important work struction Arain, I invite your attention to the report of the commissi interesting and encouraging details of the work already accompilated in the establishment of peace and order and the inauguration of selfgoverning municipal life in many portions of

the archipelago. I communicate these facts to the congress fo its information and action. Everything indi-cates that with the speedy suppression of the Tagalo rebellion, life in the archipelago will soon assume its ordinary course unde tection of our sovereignty and the people of those favored islands will enjoy a prosperity and a freedom which they have never before known. Already hundreds of schools are

patched to the Politopines was instructed to courts are dispensing justice. Business is bepeople of the courts, 'no up in any part or Manila, whose inhabitants were fleeing to the faction among them, but to protect them in count y a few months a o, is now a populous their homes, in their employments and in their and thriving mart of commerce. The earnest and unremitting endeavors of the commission and the admiral and major general command ing the department of the Pacific to assure the people of the ben-fleent intent ons of this government, have had their legitimate effect in convincing the great mass of them that peace and safety and prosperity and stable government can only be found in a loyal acceptance of the authority of the United States

The future government of the Philippues rests with the congress of the United States. Few graver responsibilities have ever been confided to us. If we accept them in a spirit worthy of our race and our traditions, a great opportunity comes with them The islands lie under the shelter of our flag. They are ours by every title of law and equity. They cannot be abandoned. If we desert them we leave them at once to anarchy and finally to barbar-We fling them, a golden apple of discord, 1-m among the rival powers, no one of which could permit another to seize them unquestioned. Their ti.h plains and valleys would be too the scene of endless strife and bloodshed. The sivent of Dewey's fleet in Manila buy instead of being, as we hope, the dawn of a new day of I cedom and progress, will have been the beginning of an era of misery and violence worse than any which has darkened their unhappy The suggestion has been made that we could renounce our authority over the islands and give their independence, could retain a | totesterate over them. Tals proposition will not be found. I am sure, worthy of your serious attention. Such an arr ngement would involve at the out of a cruel breach of faith. It would place the peaceable and majority, who ask t ing better than to accept our authority, at the mercy of armed insurgents. It would make us espon thie for the act of the insurpent leaders and give us no power to control them. It would caurge us with the tasit of protecting them gainst each other, and defending them against any farei a power with which they chose to quarrel. In short, it would take from the congress of the United States the power of declaring war and yest that tremend us prerogative in the Tagalo leader of the hour

it does not seem desirable that I should recmmend at this time a specific and final form of government for these islands. When peace shal be restored it will be the duty of congress o construct a plan of government which shall e-table-h and maintain free iom and order and peace in the Phillippines. The insurrection is still exist ng and when it terminates further information will be required as to the actual conlition of affairs before in ugurating a permanent cheme of civil government. The full report of the commi-sion, now in preparation, w li contain information and sugge-tions which will be of value to congress and which I will transmit as soon as it is completed

As long as the insurrection continues the miltary arm must necessarily be supreme. But there is no reason why steps should not be taken from time to time to maugurate governmen.s essentially popular in their form as fast as territory is held or controlled by our troops. To this end I am considering the advisability of the return of the commission, or such of the nembers thereof as can be secured, to aid the existing authorities and facilitate this work throughout the islands. I have believed that reconstruction should not begin by the estabishment of one central civil government for all the islands with its seat at Minila, but rather that the work should be commenced by building up from the bottom, first establishing municipal governments and then provincial governnents, a central government at last to follow. Until congress shall have made known the formal expression of its will I shall use the authority vested in me by the constitution and the statutes to uphold the sovereignty of the United States in those distant islands and in all other places where our flag rightfully floats.

I shall put at the disposal of the army and navy all the means which the liberality of congress and the people have provided to cause this unprovoked and wasteful insurre tion to cease. If any or lers of mine were required to insure the merciful conduct of military and naval operations, they would not be lacking but every step of the pro ress of our troops has been marked by a humanity which has surprised even the misruided insurgents. dness to them will be a swift an fective defeat of their present leader. hour of victory will be an hour of elemency and

reconstruction. No effort will be made to build up the waste places devolated by war and long years of misgovernment. We shall not wait for the end of the strife to begin the beneficent work. We shall continue, as we have begun to open the schools and the churches, to set the courts in operation, to fester industry and trade and a riculture and in every way in our power to nake these people waom Providence has brought within our jurisdiction feel that it is their liberty and not our power, their welfarand not our gain that we are seeking to enhance. Our flag has never waved over any community but in blessing. I be leve the Fillpinos will soon recognize the fact that it has not jost its gift of benediction in its worldwide

Recommendations for Porto Rico. The system of civil jurisprudence now adopted

by the people of Porto Rico is described by ompetent lawyers who are familiar with it as thorou hiy modern and scientific, so far as it relates to matters of internal business, trade production and social and private rights in general. The cities of the island are governed under charters which probably require very little or no change. So that with relation to matters of local concern and private right it is not probable that much if any legislation is desirable; but with reference to public administration and the relations of the islands to the federal government there are many matters which are of pressin : urgency. It is desirable that the government of the is-

land under the law of beiligerent right, now maintained through the executive department, should be superseded by an administration en-tirely civil in its nature. For present purposes recommend that congress pass a law for the organization of a temporary government, which shall provide for the appointment by the president, subject to confirmation by the senate, of a governor and such other officers as the general dministration of the island may require, and that for legislative purposes on subjects of a lo-cal nature, not purtaking of a federal character, a legislative council composed partly of Porto Ricans and partly of citizens of the United States, shall be nominated and appointed by the president, subject to confirmation senate. In the municipalities and other local sub-divisions I recommend that the principle of self-government be applied at once so as to enable the intelligent citizens of the island to participate in their own government and to learn by practical experience the dudes and requirements of a self-contained and a self-govrning people.
The fundamental requirement for these peo

ple as for all people, is education. Sys-tems of education in these new possessions founded on common sense methods, adapted to existing conditions and looking to the future movement and industrial advancement of the people, will commend to them in a peculiarly effective manner the blessings of free govern

Glowing Tribute to Washington

The 14th of December will be the one bundredth anniversary of the death of Washington. For 1 0 years the republic has had the priceless advantage of the lofty standard of character and conduct which he bequesthed to the American people. It is an inheritance which time, instead of wasting, continually increases and enriches. We may justly hope that in the years to come the benignant influence of the father of his country may be even more potent for good than in the century which is drawing to a close. I have been glad to learn that in many parts of the country the people will fittingly observe this historic anniversary.

In Conclusion.

Presented to this congress are great oppor-tunities. With them come great responsibili-ties. The power confided to us increases the weight of our obligations to the people, and we must be profoundly sensitive of them as we contemplate the new and grave problems which confront us. Aiming only at the public good, we cannot err. A right interpretation of the people's will and of duty cannot fall to insure rise measures for the welfare of the islands which have come under the authority of the United States and insure to the common erest and lasting he or of our country

WILLIAM MCKINLEY.